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Mr. Byron Coy, P.E.
Director, PHMSA Eastern Region
820 Bear Tavern Rd Suite 103
West Trenton, NJ 08628

June 18, 2012

Re: CPF 1-2012-1004

Mr. Coy:

This letter is in response to your March 12, 2012 letter regarding probable violations of the Pipeline Safety regulations, Title 49, code of Federal Regulations for the NYSEG Seneca Storage facility and Seneca Pipeline conducted July 12 to August 23, 2010.

The purpose of this letter is to provide detailed responses to probable violations identified by you. Please review the attachment for details regarding each of the probable violations identified.

On July 13, 2011 New York State Electric and Gas (NYSEG) completed the sale of its' Seneca Lake Gas Storage Cavern, Seneca East Pipeline (37.2 miles in length) and Seneca West Pipeline (19.9 miles in length) to Inergy Midstream, LLC at 2 Brush Creek Blvd, Suite 200, Kansas City, Missouri 64112. We also intend to communicate these issues to Inergy Midstream for their information in operating the Seneca Facility and Pipelines.

Thank you for identifying these issues to us. We value the feedback provided by your organization and will make every effort to improve our performance.

Please contact Barry Kachmaryk at (585) 771-4143 if any additional information is required.

Sincerely,

A handwritten signature in black ink that reads "Michael Eastman".

Michael Eastman
Vice President, Gas Operations
Rochester Gas and Electric
89 East Ave
Rochester NY 14649



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Attachment I

Cc: Kevin Speicher, NYSDPS
G. George





Attachment I: Notice of Probable Violation and NYSEG Responses

1. §192.625 Odorization of gas.

(b) After December 31, 1976, a combustible gas in a transmission line in a Class 3 or Class 4 location must comply with the requirements of paragraph (a) of this section unless:

(1) At least 50 percent of the length of the line downstream from that location is in a Class 1 or Class 2 location;

NYSEG failed to ensure that the gas flowing through the Class 3 Seneca West Pipeline was odorized in accordance with §192.625(b). 49 CFR Part §192.625(a) states in part "...must contain a natural odorant or be odorized so that at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell". NYSEG failed to odorize the gas in the Seneca West Pipeline in accordance with §192.625(b).

According to the Operators statement, and NYSEG O&M procedure 7.650, Section 6.1, the Seneca West Pipeline is considered to be a Class 3 location.

NYSEG Response

New York State Electric and Gas is not contesting item 1 of the notice of probable violation but wishes to provide further clarification. NYSEG design and construction philosophy is to conservatively design all facilities to Class 3 requirements regardless of location in Class 1, 2 or 3 locations. (No class 4 locations are present in an area with NYSEG gas transmission piping). The Seneca West pipeline and facility consists of only Class 1 and 2 locations and gas was odorized on NYSEG withdrawal from the storage cavern at 0.5 lb/mmmbtu but not on injection from Dominion Interstate Pipeline. The O&M procedures does not contain sufficient clarity to address §192.625(b)(1), *At least 50 percent of the length of the line downstream from that location is in a Class 1 or Class 2 location* as that requirement is applicable to the Seneca West pipeline.

2. §192.491 Corrosion control records.

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.





NYSEG failed to maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist, as required by 49 CFR Part §192.475(b).

In 2009, NYSEG meters at the wellhead of the Seneca Storage facility. This replacement work involved the removal of the existing meters and the reconfiguration of the existing piping to facilitate the installation of the replacement meters.

NYSEG representatives could not produce a record of an internal pipe surface inspection for evidence of corrosion for the 2009 replacement work, as requested by the NYSDPS inspectors.

NYSEG Response

New York State Electric and Gas is not contesting item 2 of the notice of probable violation.

3. §192.616 Public Awareness

(f) The program and the media used must be as comprehensive as necessary to reach all areas in which the operator transports gas.

NYSEG failed to have a comprehensive method in place that demonstrated and ensured that all the public living along the pipeline right of way, including public not receiving NYSEG gas or electric services, would be reached with the public awareness information regarding the NYSEG transport of gas as required by the regulation.

NYSEG's public awareness program presented to the NYSDPS inspectors during the NYSEG inspection did not to meet the code requirements to be comprehensive as necessary to reach all areas in which the operator transports gas, and that includes all the public living along the pipeline right of way.

NYSEG Response

New York State Electric and Gas is not contesting item 3 of the notice of probable violation.





4. **§192.491 Corrosion control records.**

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

NYSEG failed to maintain the required records for atmospheric corrosion control inspections done for the portions of the pipeline facilities exposed to the atmosphere in the Seneca Storage facilities and associated piping under §192.481(a).

NYSEG did not produce the required atmospheric corrosion control inspection records as requested by the NYSDPS inspectors. NYSEG stated that there were apparently no documents supporting that the code-required inspection for atmospheric corrosion had been done over the past 3 year/39 month period, as required by §192.481.

NYSEG Response

New York State Electric and Gas is not contesting item 4 of the notice of probable violation.

5. **§192.706 Transmission lines: Leakage surveys.**

Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year. However, in the case of a transmission line which transports gas in conformity with §192.625 without an odor or odorant, leakage surveys using leak detector equipment must be conducted-

(a) In Class 3 locations, at intervals not exceeding 7 1/2 months, but at least twice each calendar year; and.

For the Seneca Storage Facility and Seneca West Pipeline, NYSEG failed to conduct leakage surveys of a transmission line at intervals not exceeding 7 ½ months, but at least twice each calendar year.

NYSEG stated that during the 2010 audit that the Storage Facility piping had not been subjected to any instrumented leakage surveys.





NYSEG could not produce the required leakage survey records as requested by the NYSDPS inspectors.

NYSEG Response

New York State Electric and Gas is not contesting item 5 of the notice of probable violation.

6. §192.751 Prevention of accidental ignition.

Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion, including the following:

(c) Post warning signs, where appropriate.

The NYSEG Hibbard Road and Backer Roads valve set facilities did not have sufficient legible "No Smoking or Open Flames" warning signs to minimize the danger of accidental ignition of gas at or near the valve set locations. Warning signs were installed only on one side of the facility and not on all sides as appropriate.

NYSEG Response

New York State Electric and Gas is not contesting item 6 of the notice of probable violation (warning item). On July 13, 2011 New York State Electric and Gas (NYSEG) completed the sale of its' Seneca Lake Gas Storage Cavern, Seneca East Pipeline (37.2 miles in length) and Seneca West Pipeline (19.9 miles in length) to Inergy Midstream, LLC at 2 Brush Creek Blvd, Suite 200, Kansas City, Missouri 64112. Included with the sale were the Hibbard Road and Backer Road valve sets as a component of the Seneca West Pipeline.

NYSEG intends to communicate these issues and responses to Inergy Midstream for their information in operating the Seneca Facility and Pipelines.